

Complex Financial Instruments Assessment₂

The purpose of this Assessment

As a retail client, you are entitled to rely on a number of regulatory protections. One such protection is that the provider of the Frequent Trader Service, James Brearley & Sons, is required to ensure that before you invest (deal) in a Complex Financial Instrument on a non-advised (execution only) basis, it is appropriate for you. This means ensuring that you have the knowledge and experience relevant to the Complex Financial Instrument in order to understand the risks involved.

This appropriateness test is a regulatory requirement which was introduced on 1st November 2007 by the Financial Services Authority (now the Financial Conduct Authority).

What are Complex Financial Instruments?

Complex Financial Instruments are ones where the characteristics of the instrument and the risk of loss associated with it can be difficult to identify and/or understand.

Whilst not all Complex Financial Instruments are higher risk, they tend to have a number of characteristics which are generally associated with higher risk investments. These are as follows.

- Gearing or leverage which can multiply gains and losses. Prices can be volatile.
- They can be prone to sharply reduced liquidity so they can be difficult to sell once you have invested in them.
- There may be a lack of transparency meaning it can be difficult to obtain reliable and comprehensive information on which to base investment decisions.
- Your investment may be subject to sudden and large falls in value, you could get back nothing at all.
- The investment may be subject to limited or no regulation, and there may be no applicable investor compensation scheme.

You should not invest in Complex Financial Instruments unless you understand their features and risks. If you invest, your capital will be at risk and you may get back nothing at all. If you are unsure, we strongly suggest that before investing you seek advice from a qualified adviser.

What Financial Instruments are considered Complex?

James Brearley & Sons considers the following financial instruments to be complex. Please note that the following descriptions are not intended to set out all of the features attached to the listed complex instruments but are intended to provide basic information on the features of the instrument.

Shares not admitted to trading on a regulated market

These are shares which are not governed by the rules of a regulated market.

Derivatives and similar instruments

A Derivative is a financial instrument whose price is dependent upon or derived from one or more underlying assets.

Structured Products

Structured products are 'financially engineered' investments which typically comprise two component parts – a depository note and a derivative.

Complex Funds

The term 'Complex Funds' is a general term applied by James Brearley & Sons to certain collective investment schemes which are either not generally available to retail customers, are infrequently traded and/or are unregulated.

In conjunction with this document, you should read the Information Sheet and any additional risk warnings provided on www.frequent-trader/documents.php (or available on request) relating to the financial instrument in which you are seeking to invest. Each Information Sheet is intended to provide you with an overview of the risks associated with the particular Complex Financial Instrument.

The above is deemed by James Brearley & Sons to be a full list of the Complex Financial Instruments which are available using the Frequent Trader Service. The list may change in future if other instruments are developed which James Brearley & Sons deem to be complex.

How will James Brearley & Sons assess whether a Complex Financial Instrument is appropriate for you?

In order for James Brearley & Sons to make an assessment of your knowledge and experience and be certain that it is appropriate for you to invest in a Complex Financial Instrument, we need to gather some information from you about your previous investing experience and any relevant knowledge you have.

Where James Brearley & Sons has an obligation to assess appropriateness and the account is a joint account, operated by a third party or under a power of attorney, a corporate account, a trust or similar, the information provided should be in respect of the person who will operate the account. This person should complete and sign the appropriateness assessment form. James Brearley & Sons will assess appropriateness based upon their knowledge and experience.

James Brearley & Sons shall be entitled to rely on the information you provide unless they are aware that it is manifestly out of date, inaccurate or incomplete.

In order to make a fair and reasonable assessment of appropriateness, James Brearley & Sons may contact you to discuss the information you have provided.

Should you provide insufficient or no information, it is likely that James Brearley & Sons will be unable to assess whether you have the necessary knowledge and experience to understand the risks involved. Unless they have carried out the appropriateness assessment, you may not be able to deal in a Complex Financial Instrument.

However, the FCA's rules do permit that if James Brearley & Sons are unable to make the appropriateness assessment, or James Brearley & Sons believe that it is not appropriate for you and you still wish to proceed, you may do so. In such circumstances, we or James Brearley & Sons will write to you to explain that James Brearley & Sons have been unable to make the appropriateness assessment and/or inform you that the assessment is that it is not appropriate for you to invest in a Complex Financial Instrument.

Please note that even if James Brearley & Sons assess that it is appropriate for you to deal in a particular Complex Financial Instrument, as you will be dealing on a non-advised basis, you will be responsible for making your own assessment and judgement as to whether an investment is suitable for you.

Your Knowledge and Experience

In order for James Brearley & Sons to complete the appropriateness assessment, please provide the information requested below.

1) In which Complex Financial Instrument are you seeking to invest (deal)?

Complex Financial Instrument	
Shares not admitted to trading on a regulated market	✓
Derivatives and similar instruments	
Structured products	
Complex Funds	
Another complex instrument defined by James Brearley & Sons	

2) In terms of your overall experience as an investor, what type of financial instruments have you previously dealt in and over what time period?

Please complete the table and indicate:

- Which of the financial instruments you have dealt in before.
- Whether you dealt in these on a non-advised (execution-only) basis (i.e. that you did not receive professional advice, e.g. from a financial adviser, stockbroker or investment manager)
- The time period over which you have dealt in these financial instruments (e.g. never, 2 years, 10 years).
- The frequency or how often have you dealt during that period (e.g. never, annually, monthly, weekly, daily).

Financial instrument	Dealt in before? Y/N	Non-advised (execution only)? Y/N	Time period	Frequency of your dealings
Cash				
Fixed Interest Investments				
Open-ended Funds				
UK Shares				
Overseas Shares				
Structured Products				
Derivatives				
Warrants				
Other (please specify)				

3) Is there any other information you believe is relevant to our assessment? For example:

- You have worked in a financial services role or a similar profession
- You have relevant qualifications from school, university or you have relevant professional qualifications.

Please give details in the box below.

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Does the client have the necessary knowledge and experience relevant to the Complex Financial Instrument in order to understand the risks involved?

(Y or N)

If Y, the Complex Financial Instrument will be considered appropriate.

Assessment carried out by:

.....

Signature

Date

Notes:

4) Declaration

I confirm that the information I have provided is accurate to the best of my knowledge and belief. I have read and understood the relevant Complex Financial Instrument Information Sheet(s). I understand that by dealing on a non-advised basis, I will be responsible for making my own assessment and judgement as to whether an investment is suitable.

Name

Signature

Date

Account Name

Account number